



28th October 2014

ASX/Media Announcement

MFC Shareholders Approve North American Coal Acquisition

- **Metals Finance receives strong support for its coking coal development plans with winning Shareholder Approval**
- **A resurgent USA economy and rising US dollar are positives for increased Oklahoma mine production**
- **Positive cash flow from existing mine**
- **Lower USA mining costs offer significant potential advantages when compared with Australian coal**

Metals Finance Ltd (**MFC**) has today won strong support from its Shareholders to buy a strategic portfolio of coking coal assets in the USA and Canada, issue up to \$5 million of new shares and change the company's name to Pacific American Coal Ltd (**PAK**).

MFC's Chairman, Mr Geoff Hill, said investor presentations he made recently have indicated backing from external investors who are prepared to support the capital raising.

The capital raising is being lead managed by Patersons Securities Ltd (**Patersons**).

Voting at today's General Meeting of MFC's Shareholders held to approve the PAK deal resulted in unanimous approval of all resolutions.

The move into USA coal involves the purchase of the privately-owned company Texas and Oklahoma Coal Co Ltd, along with the option to acquire up to 80% of the P8 Coal Mine in Oklahoma, and coal licences and licence applications that have in-situ coal JORC Exploration Targets of between 697 Mt and 1,031 Mt.

"Since pricing the acquisition, the US dollar has moved strongly in our favour," Mr Hill said. "That makes MFC's purchase much more attractive for Australian investors. It is also positive because the US economy continues to expand, which could strengthen domestic demand for coal and bolster coal sale prices."

"PAK will be operating in a lower cost environment where mean average weekly labour costs per miner in 2013 was \$A 1,034 - compared with \$A 2,700 in NSW. We want to leverage that cost advantage with operational and safety expertise that we can bring to bear from Australia."

PAK plans to generate positive cash flows from the P8 Mine by fulfilling domestic coal contracts, expanding output and investigating the feasibility of upgrading the coal to metallurgical grade standards for export markets.

Progress on the Canadian coal leases received a boost late last month when six licence applications in the Kootenay district, British Columbia, were granted. Granting of these licenses means PAK's title is confirmed and enables MFC to validate the JORC Exploration Targets that have been previously identified. Mr Hill said: "As a Coal Licence holder of six prospective coking coal areas in British Columbia, we are now in a position to utilise all available data to validate our JORC 2012 Exploration Targets of between 281mt – 422mt"

MFC Shareholders are being offered a priority entitlement to participate in the Capital Raising of up to \$5,000,000 through the issue of 25,000,000 shares at \$0.20 per share, plus a free attaching option exercisable at \$0.25 up to 31 December 2017.

Details of the Offer and the accompanying application for MFC Shares and free Options are available by downloading the Prospectus from the Metals Finance website www.metalsfinance.com, or by contacting our Lead Manager, Patersons.

For further information please contact:

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Proxy results of the Metals Finance General Meeting held on the 28th October 2014 are:

	For	Against	Abstain	Open to Chair
Resolution 1				
Change in Nature and Scale of Activities	22,231,805	7,129	134,865	216,800
Resolution 2				
Consolidation of Capital	22,231,805	7,129	134,865	216,800
Resolution 3				
Acquisition of TOCC	17,861,670	7,129	-	4,721,800
Resolution 4				
Capital raising pursuant to a Prospectus	22,091,805	7,129	134,865	356,800
Resolution 5				
Change of Company Name	22,091,805	141,994	-	356,800

